

RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

August 4, 2009

Mr. Josh Leftwich Environmental Manager Uranium Energy Corporation (UEC) 400 Mann Street, Suite 900 Corpus Christi, Texas 78401

RE: Weesatche Project, Goliad County

Uranium Exploration Permit No. 123C

Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on July 30, 2009, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

Mark Schlimgen, Manager Inspection and Enforcement

MS/sdj Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION

URANIUM EXPLORATION INSPECTION REPORT

| Project Name: | Weesatche | 1 | | Pe | ermit Number: | 123C |
|--|------------------|--------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Permittee: | UEC | | | County: Goliad | | |
| Industry Representative(s) Present: James Gale | | | - | | | |
| Inspector: | r: Steve Meadows | | | Date of Inspection: July 30, 2009 | | |
| | <i>a</i> | ¥ + , | | () | | 90 2 2 4 ₃₄ 6 |
| I. Field Conditions and Data Collection | | | | | | |
| Samples Collec | cted: No X Yes | Sa Sa | mple Type: | Water | Soil 🗌 | Vegetation |
| Average Temperature | Soil Condition | n <u>Dry</u> | Date Last Rainfall | N/A | Wind Direction Velocity (Est.) | / Calm |
| Photographs Attached: No 🗌 Yes 🗵 (Complete Section IV) | | | | | | |
| | | | | | | |
| II. Enforcement Action Taken | | | | | | |
| Notice of Viola | tion Issued: | No 🖂 | Yes 🗌 | NOV No. | | |
| Cessation Order | r Issued: | No 🛛 | Yes 🗌 | CO No. | | |
| | | | | | | |
| | | | | | , | |
| Alow Merdows 08/03/2009 Wash Mili Cen 3/4/2009 | | | | | | |
| Inspector Signature | | Date Review | | wing Supervisor Signature Date | | |

The Railroad Commission of Texas complies with Federal and State laws applicable to race, religion, national origin, sex, and disability. Information is available upon request by calling (512) 463-7288 or 1-800-735-2989 if special assistance is required.

Weesatche

123C

July 30, 2009

III. Comments - Inspection Narrative

- Document the area of the permit inspected
- · Discuss observations made during the inspection
- · Document the results of any field tests taken
- · Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- · Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

There is no current drilling activity at UEC Permit No. 123C and none is planned in the near term. The subsided mud pit located on 6-25-09 on the Braquet section of the exploration permit has been repaired as documented in Photos 1-3.

The relatively remote and obscure leased property comprising Lease #33103 was previously inspected on 9-17-08, at which time further site restoration was required. Only 3 exploration boreholes were drilled on this property, which has not been re-visited since the initial inspection. During this inspection, I re-checked the site restoration as documented in Photos 4-6. No subsidence or evidence of cuttings on the surface was noted and if not for the persistent drought conditions inhibiting re-vegetation, the locations would have been difficult to locate without the aid of GPS equipment. Future inspections will focus on site restoration follow-up in other areas of the exploration permit.

Driscoll

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July 29, 2009



Photo 1: Site restoration at borehole LG-34 STMV Permit No. 140.



Photo 2: In progress site restoration at borehole LG-31.

Driscoll

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Photo 3: Borehole LG-26.



Photo 4: Borehole LG-40.

Project Name: Permit Number: Driscoll

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Inspection Date: July 29, 2009



Photo 5: Site restoration at borehole LG-21



Photo 6: Drilling location of LG-42 with final restoration incomplete.

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Photo 7: Drilling location of LG-41 with site restoration essentially complete.



Photo 8: Boreholes LG-23, LG-24 and LG-25.

Driscoll

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July 29, 2009

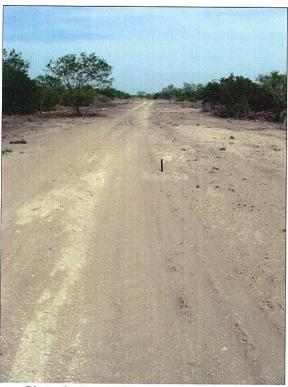


Photo 9: Boreholes LG-35 and LG-35A.



Photo 10: Borehole LG-37.